

**LAIDIR LEISURE LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2012**

**Company Registration Number SC071827**

THURSDAY



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**LAIDIR LEISURE LIMITED**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 30 JUNE 2012**

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**LAIDIR LEISURE LIMITED**  
**OFFICERS AND PROFESSIONAL ADVISERS**  
**YEAR ENDED 30 JUNE 2012**

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|                               |                                                                                                     |
|-------------------------------|-----------------------------------------------------------------------------------------------------|
| <b>The board of directors</b> | N D C Webster<br>D G Webster<br>D P Webster OBE                                                     |
| <b>Company secretary</b>      | N D C Webster                                                                                       |
| <b>Business address</b>       | Cloberfield House<br>57 Beardmore Way<br>Clydebank<br>Glasgow<br>G81 4HT                            |
| <b>Registered office</b>      | Cloberfield House<br>57 Beardmore Way<br>Clydebank<br>Glasgow<br>G81 4HT                            |
| <b>Auditor</b>                | RSM Tenon Audit Limited<br>48 St Vincent Street<br>Glasgow<br>G2 5TS                                |
| <b>Accountants</b>            | RSM Tenon Limited<br>Accountants and Business Advisers<br>48 St Vincent Street<br>Glasgow<br>G2 5TS |
| <b>Solicitors</b>             | Harper McLeod LLP<br>The Ca'd'oro<br>45 Gordon Street<br>Glasgow<br>G1 3PE                          |

**LAIDIR LEISURE LIMITED**  
**THE DIRECTORS' REPORT**  
**YEAR ENDED 30 JUNE 2012**

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The directors present their report and the financial statements of the company for the year ended 30 June 2012.

**Principal activity and business review**

The principal activity of the company during the year was the sale of fitness and weightlifting equipment.

The company grew by 7.1% in terms of turnover to £14.3m. The profit before tax has increased by 14.5% to £396k.

At the year end the company had shareholders funds of £761,037 including distributable profits of £661,037. The company's net current assets exceed its current liabilities by £787,817. The directors therefore believe the company's position to be satisfactory.

**Results and dividends**

The profit for the year, after taxation, amounted to £306,066. Particulars of dividends paid are detailed in note 9 to the financial statements.

**Financial risk management objectives and policies**

The company finances its operations through a mixture of retained profits and operational bank accounts, and where necessary to fund expansion or capital expenditure programmes through bank borrowings and hire purchase. The management's objectives are to:

- retain sufficient liquid funds to enable it to meet its day to day obligations as they fall due whilst maximising returns on surplus funds;
- minimise the company's exposure to fluctuating interest rates when seeking new borrowings; and
- match the repayment schedule of any external borrowings or overdrafts with the future cash flows expected to arise from the company's trading activities.

The company is exposed to the normal credit risk associated with dealing with customers on commercial credit terms.

**Directors**

The directors who served the company during the year were as follows:

N D C Webster  
D G Webster  
D P Webster OBE

**Directors' responsibilities**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

**LAIDIR LEISURE LIMITED**  
**THE DIRECTORS' REPORT** *(continued)*  
**YEAR ENDED 30 JUNE 2012**

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**Directors' responsibilities** *(continued)*

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are, individually, aware:

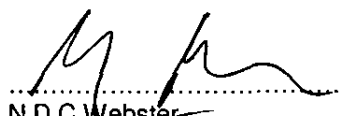
- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Auditor**

RSM Tenon Audit Limited are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Signed on behalf of the directors

  
.....  
N D C Webster  
Director

Approved by the directors on ...20/11/12

**LAIDIR LEISURE LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LAIDIR**  
**LEISURE LIMITED**  
**YEAR ENDED 30 JUNE 2012**

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We have audited the financial statements of Laidir Leisure Limited for the year ended 30 June 2012 on pages 6 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on pages 2 to 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2012 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**LAIDIR LEISURE LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LAIDIR**  
**LEISURE LIMITED** *(continued)*  
**YEAR ENDED 30 JUNE 2012**

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**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

David Holt, Senior Statutory Auditor  
For and on behalf of

*David Holt*

RSM Tenon Audit Limited  
Statutory Auditor  
48 St Vincent Street  
Glasgow  
G2 5TS

20/12/12  
.....

**LAIDIR LEISURE LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 30 JUNE 2012**

|                                                      |           | 2012<br>£      | 2011<br>£      |
|------------------------------------------------------|-----------|----------------|----------------|
| <b>Turnover</b>                                      | Note<br>2 | 14,295,074     | 13,348,455     |
| Cost of sales                                        |           | (9,390,760)    | (8,656,765)    |
| <b>Gross profit</b>                                  |           | 4,904,314      | 4,691,690      |
| Administrative expenses                              |           | (4,486,193)    | (4,341,491)    |
| Other operating income                               | 3         | 24,000         | 25,118         |
| <b>Operating profit</b>                              | 4         | 442,121        | 375,317        |
| Interest receivable                                  |           | 26             | 10             |
| Interest payable and similar charges                 | 7         | (46,617)       | (29,977)       |
| <b>Profit on ordinary activities before taxation</b> |           | 395,530        | 345,350        |
| Tax on profit on ordinary activities                 | 8         | (89,464)       | (76,840)       |
| <b>Profit for the financial year</b>                 |           | <u>306,066</u> | <u>268,510</u> |

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 9 to 19 form part of these financial statements.

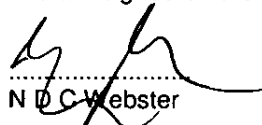
**LAIDIR LEISURE LIMITED**

Registered Number SC071827

**BALANCE SHEET****30 JUNE 2012**

|                                                                | Note | 2012<br>£   | £         | 2011<br>£   | £         |
|----------------------------------------------------------------|------|-------------|-----------|-------------|-----------|
| <b>Fixed assets</b>                                            |      |             |           |             |           |
| Intangible assets                                              | 10   |             | —         |             | 4,832     |
| Tangible assets                                                | 11   |             | 287,939   |             | 324,839   |
|                                                                |      |             | 287,939   |             | 329,671   |
| <b>Current assets</b>                                          |      |             |           |             |           |
| Stocks                                                         | 12   | 2,116,420   |           | 1,897,386   |           |
| Debtors                                                        | 13   | 1,413,395   |           | 1,381,670   |           |
| Cash at bank and in hand                                       |      | 6,416       |           | 5,512       |           |
|                                                                |      | 3,536,231   |           | 3,284,568   |           |
| <b>Creditors: Amounts falling due within one year</b>          | 14   | (2,748,414) |           | (2,492,153) |           |
| <b>Net current assets</b>                                      |      |             | 787,817   |             | 792,415   |
| <b>Total assets less current liabilities</b>                   |      |             | 1,075,756 |             | 1,122,086 |
| <b>Creditors: Amounts falling due after more than one year</b> | 15   |             | (289,145) |             | (380,916) |
| <b>Provisions for liabilities</b>                              |      |             |           |             |           |
| Deferred taxation                                              | 18   |             | (25,574)  |             | (26,999)  |
|                                                                |      |             | 761,037   |             | 714,171   |
| <b>Capital and reserves</b>                                    |      |             |           |             |           |
| Called-up share capital                                        | 21   |             | 100,000   |             | 100,000   |
| Profit and loss account                                        | 22   |             | 661,037   |             | 614,171   |
| <b>Shareholders' funds</b>                                     | 23   |             | 761,037   |             | 714,171   |

These financial statements were approved by the directors and authorised for issue on 20/12/12, and are signed on their behalf by:

  
N D C Webster

  
D G Webster

The notes on pages 9 to 19 form part of these financial statements.

**LAIDIR LEISURE LIMITED**  
**CASH FLOW STATEMENT**  
**YEAR ENDED 30 JUNE 2012**

|                                                                              |      | 2012      |           | 2011     |           |
|------------------------------------------------------------------------------|------|-----------|-----------|----------|-----------|
|                                                                              | Note | £         | £         | £        | £         |
| <b>Net cash inflow from operating activities</b>                             | 24   |           | 571,694   |          | 373,162   |
| <b>Returns on investments and Servicing of finance</b>                       |      |           |           |          |           |
| Interest received                                                            |      | 26        |           | 10       |           |
| Interest paid                                                                |      | (43,543)  |           | (27,795) |           |
| Interest element of hire purchase                                            |      | (3,074)   |           | (2,182)  |           |
| <b>Net cash outflow from returns on investments and servicing of finance</b> |      |           | (46,591)  |          | (29,967)  |
| <b>Taxation</b>                                                              |      |           | (85,195)  |          | (88,176)  |
| <b>Capital expenditure</b>                                                   |      |           |           |          |           |
| Payments to acquire tangible fixed assets                                    |      | (36,041)  |           | (77,067) |           |
| Receipts from sale of fixed assets                                           |      | —         |           | 23,244   |           |
| <b>Net cash outflow from capital expenditure</b>                             |      |           | (36,041)  |          | (53,823)  |
| <b>Equity dividends paid</b>                                                 |      |           | (259,200) |          | (259,200) |
| <b>Cash inflow/(outflow) before financing</b>                                |      |           | 144,667   |          | (58,004)  |
| <b>Financing</b>                                                             |      |           |           |          |           |
| (Repayment of)/increase in bank loans                                        |      | (111,916) |           | 451,936  |           |
| Capital element of hire purchase                                             |      | (8,631)   |           | (12,502) |           |
| <b>Net cash (outflow)/inflow from financing</b>                              |      |           | (120,547) |          | 439,434   |
| <b>Increase in cash</b>                                                      | 24   |           | 24,120    |          | 381,430   |

During the year the company entered into hire purchase agreements with a capital value at inception of £26,213 (2011 - £nil).

**LAIDIR LEISURE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 JUNE 2012**

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**1. Accounting policies**

**Basis of accounting**

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

**Turnover**

The turnover shown in the profit and loss account represents the value of all goods sold during the period, less returns received, at selling price exclusive of Value Added Tax. Sales are recognised at the point at which the company has fulfilled its contractual obligations and the risks and rewards attaching to the product, such as obsolescence, have been transferred to the customer.

**Goodwill**

Goodwill arising on the acquisition of a business represents the excess of the cost of acquisition (being the cash paid and the fair value of other consideration given) over the fair value of the separable net assets acquired. The fair value of the acquired assets and liabilities are assessed in the year of acquisition and the subsequent year, which may impact on the goodwill recognised. Goodwill is capitalised and written off on a straight line basis over its useful economic life.

Provision is made for any impairment in its value. The useful economic life is the expected period over which the company expects to derive an economic benefit, and is reviewed on an annual basis.

**Amortisation**

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the estimated useful economic life of that asset as follows:

Goodwill - over 5 years

**Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

|                       |                                              |
|-----------------------|----------------------------------------------|
| Leasehold Property    | - over 15 years                              |
| Plant and Machinery   | - 15% straight line                          |
| Fixtures and Fittings | - 15% reducing balance and 33% straight line |
| Motor Vehicles        | - 25% straight line                          |

**Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost is defined as purchase cost, which includes freight and import charges, on a first in, first out basis.

**LAIDIR LEISURE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 JUNE 2012**

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**1. Accounting policies *(continued)***

**Hire purchase agreements**

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value, and are depreciated in accordance with the above depreciation policies.

Future instalments payable under such agreements, net of finance charges, are included within creditors. Rentals payable are apportioned between the capital element, which reduces the outstanding obligation included within creditors, and the finance element, which is charged to the profit and loss account on a straight line basis.

**Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Income from operating leases is recognised in the period to which it relates.

**Pension costs**

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year. The assets of the scheme are held separately from those of the company in an independently administered fund.

**Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more tax, or a right to pay less tax, or a right to receive repayments of tax.

Deferred tax assets are recognised only to the extent that the directors consider it more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax assets and liabilities recognised have not been discounted.

Deferred tax is measured on a non-discounted basis at the average tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

**Foreign currencies**

Transactions denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions, or at an average rate for the period if the rates do not fluctuate significantly. Monetary assets and liabilities are translated at year end exchange rates. The resulting exchange rate differences are charged to the profit and loss account.

**LAIDIR LEISURE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 JUNE 2012**

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**1. Accounting policies (continued)**

**Financial instruments**

Financial instruments are classified and accounted for as financial assets, financial liabilities or equity instruments, according to the substance of the contractual arrangement.

Financial instruments which are assets are stated at cost less any provision for impairment. Financial liabilities are stated at principal capital amounts outstanding at the period end. Issue costs relating to financial liabilities are deducted from the outstanding balance and are amortised over the period to the due date for repayment of the financial liability.

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. A financial liability is any contractual arrangement for an entity to deliver cash to the holder of the associated financial instrument.

**2. Turnover**

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

|                | 2012<br>£         | 2011<br>£         |
|----------------|-------------------|-------------------|
| United Kingdom | <u>14,295,074</u> | <u>13,348,455</u> |

**3. Other operating income**

|                 | 2012<br>£     | 2011<br>£     |
|-----------------|---------------|---------------|
| Rent receivable | <u>24,000</u> | <u>25,118</u> |

**4. Operating profit**

Operating profit is stated after charging/(crediting):

|                                                            | 2012<br>£      | 2011<br>£     |
|------------------------------------------------------------|----------------|---------------|
| Amortisation of intangible assets                          | 4,832          | 13,000        |
| Depreciation of owned fixed assets                         | 92,081         | 136,099       |
| Depreciation of assets held under hire purchase agreements | 7,073          | 3,796         |
| Profit on disposal of fixed assets                         | —              | (11,351)      |
| Auditors remuneration                                      | 15,000         | 15,000        |
| Operating lease costs:                                     |                |               |
| - Land and buildings                                       | 504,199        | 501,333       |
| - Other                                                    | 47,905         | 50,671        |
| Net (profit)/loss on foreign currency translation          | <u>(2,194)</u> | <u>23,927</u> |

**LAIDIR LEISURE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 JUNE 2012**

**5. Particulars of employees**

The average number of staff employed by the company during the financial year amounted to:

|                                | <b>2012</b> | <b>2011</b> |
|--------------------------------|-------------|-------------|
|                                | <b>No</b>   | <b>No</b>   |
| Number of administrative staff | 9           | 7           |
| Number of management staff     | 8           | 9           |
| Number of sales staff          | 72          | 66          |
| Number of operations staff     | 13          | 11          |
|                                | <u>102</u>  | <u>93</u>   |

The aggregate payroll costs of the above were:

|                       | <b>2012</b>      | <b>2011</b>      |
|-----------------------|------------------|------------------|
|                       | <b>£</b>         | <b>£</b>         |
| Wages and salaries    | 1,610,633        | 1,538,913        |
| Social security costs | 139,157          | 145,950          |
| Other pension costs   | 97,666           | 61,000           |
|                       | <u>1,847,456</u> | <u>1,745,863</u> |

**6. Directors' remuneration**

The directors' aggregate remuneration in respect of qualifying services were:

|                                                                        | <b>2012</b>    | <b>2011</b>    |
|------------------------------------------------------------------------|----------------|----------------|
|                                                                        | <b>£</b>       | <b>£</b>       |
| Remuneration receivable                                                | 60,640         | 49,797         |
| Value of company pension contributions to defined contribution schemes | 96,667         | 60,000         |
|                                                                        | <u>157,307</u> | <u>109,797</u> |

The number of directors on whose behalf the company made pension contributions was as follows:

|                              | <b>2012</b> | <b>2011</b> |
|------------------------------|-------------|-------------|
|                              | <b>No</b>   | <b>No</b>   |
| Defined contribution schemes | <u>2</u>    | <u>2</u>    |

**7. Interest payable and similar charges**

|                                    | <b>2012</b>   | <b>2011</b>   |
|------------------------------------|---------------|---------------|
|                                    | <b>£</b>      | <b>£</b>      |
| Interest payable on bank borrowing | 23,823        | 19,777        |
| Finance charges                    | 3,074         | 2,182         |
| Other similar charges payable      | 19,720        | 8,018         |
|                                    | <u>46,617</u> | <u>29,977</u> |

**LAIDIR LEISURE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 JUNE 2012**

**8. Taxation on ordinary activities**

**(a) Analysis of charge in the year**

|                                                | 2012<br>£     | 2011<br>£     |
|------------------------------------------------|---------------|---------------|
| In respect of the year:                        |               |               |
| UK Corporation tax                             | 92,293        | 86,599        |
| (Over)/under provision in prior year           | (1,404)       | (7,481)       |
|                                                | <u>90,889</u> | <u>79,118</u> |
| Deferred tax:                                  |               |               |
| Origination and reversal of timing differences | (1,425)       | (2,278)       |
| Tax on profit on ordinary activities           | <u>89,464</u> | <u>76,840</u> |

**(b) Factors affecting current tax charge**

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 26% (2011 - 26%).

|                                                          | 2012<br>£      | 2011<br>£      |
|----------------------------------------------------------|----------------|----------------|
| Profit on ordinary activities before taxation            | <u>395,530</u> | <u>345,350</u> |
| Profit on ordinary activities by rate of tax             | 102,838        | 89,791         |
| Effects of:                                              |                |                |
| Expenses not deductible for tax purposes                 | 3,605          | 1,992          |
| Depreciation for period in excess of capital allowances  | 2,795          | 7,904          |
| Tax chargeable at lower rates                            | (16,945)       | (13,088)       |
| Adjustments to tax charge in respect of previous periods | (1,404)        | (7,481)        |
| Total current tax (note 8(a))                            | <u>90,889</u>  | <u>79,118</u>  |

**9. Dividends**

**Equity dividends**

|                                     | 2012<br>£      | 2011<br>£      |
|-------------------------------------|----------------|----------------|
| Paid during the year                |                |                |
| Equity dividends on ordinary shares | <u>259,200</u> | <u>259,200</u> |

**LAIDIR LEISURE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 JUNE 2012**

**10. Intangible fixed assets**

|                                 | <b>Goodwill</b><br><b>£</b> |
|---------------------------------|-----------------------------|
| <b>Cost</b>                     |                             |
| At 1 July 2011 and 30 June 2012 | 127,259                     |
| <b>Amortisation</b>             |                             |
| At 1 July 2011                  | 122,427                     |
| Charge for the year             | 4,832                       |
| At 30 June 2012                 | 127,259                     |
| <b>Net book value</b>           |                             |
| At 30 June 2012                 | —                           |
| At 30 June 2011                 | 4,832                       |

Goodwill arose on the acquisition of various businesses. Goodwill is amortised in accordance with the company's stated accounting policy.

**11. Tangible fixed assets**

|                       | <b>Leasehold<br/>Property<br/>£</b> | <b>Plant and<br/>Machinery<br/>£</b> | <b>Fixtures and<br/>Fittings<br/>£</b> | <b>Motor<br/>Vehicles<br/>£</b> | <b>Total<br/>£</b> |
|-----------------------|-------------------------------------|--------------------------------------|----------------------------------------|---------------------------------|--------------------|
| <b>Cost</b>           |                                     |                                      |                                        |                                 |                    |
| At 1 July 2011        | 16,326                              | 90,788                               | 968,777                                | 75,652                          | 1,151,543          |
| Additions             | —                                   | 1,664                                | 60,590                                 | —                               | 62,254             |
| At 30 June 2012       | 16,326                              | 92,452                               | 1,029,367                              | 75,652                          | 1,213,797          |
| <b>Depreciation</b>   |                                     |                                      |                                        |                                 |                    |
| At 1 July 2011        | 4,836                               | 64,540                               | 715,459                                | 41,869                          | 826,704            |
| Charge for the year   | 1,088                               | 8,416                                | 79,090                                 | 10,560                          | 99,154             |
| At 30 June 2012       | 5,924                               | 72,956                               | 794,549                                | 52,429                          | 925,858            |
| <b>Net book value</b> |                                     |                                      |                                        |                                 |                    |
| At 30 June 2012       | 10,402                              | 19,496                               | 234,818                                | 23,223                          | 287,939            |
| At 30 June 2011       | 11,490                              | 26,248                               | 253,318                                | 33,783                          | 324,839            |

**Hire purchase agreements**

Included within the net book value of £287,939 is £30,081 (2011 - £10,940) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £7,073 (2011 - £3,796).

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**12. Stocks**

|                  | 2012<br>£ | 2011<br>£ |
|------------------|-----------|-----------|
| Goods for resale | 2,116,420 | 1,897,386 |

**13. Debtors**

|                                | 2012<br>£        | 2011<br>£        |
|--------------------------------|------------------|------------------|
| Trade debtors                  | 857,769          | 728,808          |
| Other debtors                  | —                | 135,459          |
| Prepayments and accrued income | 555,626          | 517,403          |
|                                | <u>1,413,395</u> | <u>1,381,670</u> |

**14. Creditors: Amounts falling due within one year**

|                                    | 2012<br>£        | 2011<br>£        |
|------------------------------------|------------------|------------------|
| Bank loans and overdrafts          | 674,045          | 704,659          |
| Trade creditors                    | 1,703,700        | 1,472,366        |
| Corporation tax                    | 92,293           | 86,599           |
| Other taxation and social security | 165,773          | 112,048          |
| Hire purchase agreements           | 9,737            | 4,902            |
| Accruals and deferred income       | 102,866          | 111,579          |
|                                    | <u>2,748,414</u> | <u>2,492,153</u> |

The following liabilities disclosed under creditors falling due within one year are secured by the company:

|                           | 2012<br>£      | 2011<br>£      |
|---------------------------|----------------|----------------|
| Bank loans and overdrafts | 674,045        | 704,659        |
| Hire purchase agreements  | 9,737          | 4,902          |
|                           | <u>683,782</u> | <u>709,561</u> |

Details of securities in place are included in note 15.

**15. Creditors: Amounts falling due after more than one year**

|                           | 2012<br>£      | 2011<br>£      |
|---------------------------|----------------|----------------|
| Bank loans and overdrafts | 275,478        | 379,996        |
| Hire purchase agreements  | 13,667         | 920            |
|                           | <u>289,145</u> | <u>380,916</u> |

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**15. Creditors: Amounts falling due after more than one year (continued)**

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

|                           | 2012<br>£      | 2011<br>£      |
|---------------------------|----------------|----------------|
| Bank loans and overdrafts | 275,478        | 379,996        |
| Hire purchase agreements  | 13,667         | 920            |
|                           | <u>289,145</u> | <u>380,916</u> |

Bank borrowings are secured by a bond and floating charge over the company's assets. The directors have also provided personal guarantees. Interest is charged on these bank borrowings at 3.95% over base rate.

Hire purchase agreements are secured over the individual assets to which they relate.

**16. Creditors - capital instruments**

Creditors include finance capital which is due for repayment as follows:

|                                                     | 2012<br>£      | 2011<br>£        |
|-----------------------------------------------------|----------------|------------------|
| Amounts repayable:                                  |                |                  |
| In one year or less or on demand                    | 674,045        | 704,659          |
| In more than one year but not more than two years   | 103,363        | 104,973          |
| In more than two years but not more than five years | 172,115        | 275,023          |
|                                                     | <u>949,523</u> | <u>1,084,655</u> |

**17. Commitments under hire purchase agreements**

Future commitments under hire purchase agreements are as follows:

|                                                              | 2012<br>£     | 2011<br>£    |
|--------------------------------------------------------------|---------------|--------------|
| Amounts payable within 1 year                                | 10,803        | 5,409        |
| Amounts payable between 2 to 5 years                         | 14,172        | 902          |
|                                                              | <u>24,975</u> | <u>6,311</u> |
| Less interest and finance charges relating to future periods | (1,571)       | (489)        |
|                                                              | <u>23,404</u> | <u>5,822</u> |
| Hire purchase agreements are analysed as follows:            |               |              |
| Current obligations                                          | 9,737         | 4,902        |
| Non-current obligations                                      | 13,667        | 920          |
|                                                              | <u>23,404</u> | <u>5,822</u> |

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**18. Deferred taxation**

The movement in the deferred taxation provision during the year was:

|                                                          | 2012<br>£     | 2011<br>£     |
|----------------------------------------------------------|---------------|---------------|
| At 1 July 2011                                           | 26,999        | 29,277        |
| Profit and loss account movement arising during the year | (1,425)       | (2,278)       |
| At 30 June 2012                                          | <u>25,574</u> | <u>26,999</u> |

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

|                                                                 | 2012<br>£     | 2011<br>£     |
|-----------------------------------------------------------------|---------------|---------------|
| Excess of taxation allowances over depreciation on fixed assets | <u>25,574</u> | <u>26,999</u> |

**19. Commitments under operating leases**

At 30 June 2012 the company had annual commitments under non-cancellable operating leases as set out below.

|                                | 2012<br>Land and<br>buildings<br>£ | Other<br>Items<br>£ | 2011<br>Land and<br>buildings<br>£ | Other<br>Items<br>£ |
|--------------------------------|------------------------------------|---------------------|------------------------------------|---------------------|
| Operating leases which expire: |                                    |                     |                                    |                     |
| Within 1 year                  | 35,250                             | 3,032               | -                                  | -                   |
| Within 2 to 5 years            | 83,750                             | 24,094              | 116,000                            | 28,642              |
| After more than 5 years        | 395,483                            | -                   | 341,483                            | -                   |
|                                | <u>514,483</u>                     | <u>27,126</u>       | <u>457,483</u>                     | <u>28,642</u>       |

**20. Related party transactions**

During the year the company was charged rent of £182,493 (2011 - £182,493) by Beardmore Properties (Scotland) LLP in respect of premises in Glasgow, Aberdeen and Clydebank. The balance due to Beardmore Properties (Scotland) LLP at 30 June 2012 was £nil (2011 - £nil). N D C Webster and D G Webster, directors, are members of Beardmore Properties (Scotland) LLP.

During the year total dividends of £259,200 (2011 - £259,200) were paid equally to the two shareholders, N D C Webster and D G Webster, who are directors of the company.

N D C Webster and D G Webster, directors, have each granted a £150,000 personal guarantee as security over the company's bank borrowing.

No other transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8.

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**21. Share capital**

Allotted, called up and fully paid:

|                            | 2012           |                | 2011           |                |
|----------------------------|----------------|----------------|----------------|----------------|
|                            | No             | £              | No             | £              |
| Ordinary shares of £1 each | <u>100,000</u> | <u>100,000</u> | <u>100,000</u> | <u>100,000</u> |

**22. Profit and loss account**

|                               | 2012<br>£      | 2011<br>£      |
|-------------------------------|----------------|----------------|
| Balance brought forward       | 614,171        | 604,861        |
| Profit for the financial year | 306,066        | 268,510        |
| Equity dividends              | (259,200)      | (259,200)      |
| Balance carried forward       | <u>661,037</u> | <u>614,171</u> |

**23. Reconciliation of movements in shareholders' funds**

|                                     | 2012<br>£      | 2011<br>£      |
|-------------------------------------|----------------|----------------|
| Profit for the financial year       | 306,066        | 268,510        |
| Equity dividends                    | (259,200)      | (259,200)      |
| Net addition to shareholders' funds | 46,866         | 9,310          |
| Opening shareholders' funds         | 714,171        | 704,861        |
| Closing shareholders' funds         | <u>761,037</u> | <u>714,171</u> |

**24. Notes to the cash flow statement**

**Reconciliation of operating profit to net cash inflow from operating activities**

|                                           | 2012<br>£      | 2011<br>£      |
|-------------------------------------------|----------------|----------------|
| Operating profit                          | 442,121        | 375,317        |
| Amortisation                              | 4,832          | 13,000         |
| Depreciation                              | 99,154         | 139,895        |
| Profit on disposal of fixed assets        | —              | (11,351)       |
| (Increase)/decrease in stocks             | (219,034)      | 165,348        |
| Increase in debtors                       | (31,725)       | (359,686)      |
| Increase in creditors                     | 276,346        | 50,639         |
| Net cash inflow from operating activities | <u>571,694</u> | <u>373,162</u> |

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**24. Notes to the cash flow statement (continued)**

**Reconciliation of net cash flow to movement in net debt**

|                                                | 2012         |                  | 2011          |                    |
|------------------------------------------------|--------------|------------------|---------------|--------------------|
|                                                | £            | £                | £             | £                  |
| Increase in cash in the period                 | 24,120       |                  | 381,430       |                    |
| Net cash outflow from/(inflow) from bank loans | 111,916      |                  | (451,936)     |                    |
| Cash outflow in respect of hire purchase       | <u>8,631</u> |                  | <u>12,502</u> |                    |
| Change in net debt resulting from cash flows   |              | 144,667          |               | (58,004)           |
| New hire purchase agreements                   |              | (26,213)         |               | —                  |
| Movement in net debt in the period             |              | <u>118,454</u>   |               | <u>(58,004)</u>    |
| Net debt at 1 July 2011                        |              | (1,084,965)      |               | (1,026,961)        |
| Net debt at 30 June 2012                       |              | <u>(966,511)</u> |               | <u>(1,084,965)</u> |

**Analysis of changes in net debt**

|                          | At<br>1 July 2011<br>£ | Cash flows<br>£ | Other<br>changes<br>£ | At<br>30 June<br>2012<br>£ |
|--------------------------|------------------------|-----------------|-----------------------|----------------------------|
| Net cash:                |                        |                 |                       |                            |
| Cash in hand and at bank | 5,512                  | 904             | —                     | 6,416                      |
| Overdrafts               | (592,271)              | 23,216          | —                     | (569,055)                  |
|                          | <u>(586,759)</u>       | <u>24,120</u>   | <u>—</u>              | <u>(562,639)</u>           |
| Debt:                    |                        |                 |                       |                            |
| Debt due within 1 year   | (112,388)              | 7,398           | —                     | (104,990)                  |
| Debt due after 1 year    | (379,996)              | 104,518         | —                     | (275,478)                  |
| Hire purchase agreements | <u>(5,822)</u>         | <u>8,631</u>    | <u>(26,213)</u>       | <u>(23,404)</u>            |
|                          | <u>(498,206)</u>       | <u>120,547</u>  | <u>(26,213)</u>       | <u>(403,872)</u>           |
| Net debt                 | <u>(1,084,965)</u>     | <u>144,667</u>  | <u>(26,213)</u>       | <u>(966,511)</u>           |

During the year the company entered into hire purchase agreements with a capital value at inception of £26,213 (2011 - £nil).

**25. Ultimate controlling party**

The company was jointly controlled by N D C Webster and D G Webster, directors, throughout the current and prior year by virtue of their shareholding in the company.